

SENATE BILL No. 587

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-4.5; IC 24-9-2-8; IC 28-7-5-28; IC 35-45-7.

Synopsis: Consumer credit. Repeals provisions specifying indexing of and changes of dollar amounts for purposes of consumer loans. Provides for a credit service charge not to exceed 36%. (Current law provides for variation in amount of a credit service charge based on the amount outstanding.) Increases the minimum credit service charge and consumer loan finance charge from \$30 to \$50. Increases from at least \$300 to at least \$1,500 the debt that must be secured for a seller in a consumer credit sale of goods to take a security interest in the goods. With respect to consumer loans: (1) increases from 25% to 36% the amount of a loan finance charge that a lender may charge; (2) increases from 2.083% to 3% the amount in relation to the debt on a revolving loan account over which the loan finance charge is considered to exceed the maximum annual percentage rate; (3) strikes a provision specifying requirements for charging the same loan finance charge on all amounts financed within a range; (4) increases from \$50 the maximum amount of a nonrefundable prepaid finance charge to \$150 or \$250; and (5) increases from two to three the number of nonrefundable prepaid finance charges a lender may assess in a 12 month period. Repeals provisions specific to supervised loans and applies certain supervised loan provisions to consumer loans having a loan finance charge exceeding 25%, including increasing the principal amounts on which the term of an installment payment period depends. Increases the amount that must be financed before a creditor can require property insurance. Makes conforming amendments.

Effective: July 1, 2019.

Messmer

January 14, 2019, read first time and referred to Committee on Insurance and Financial Institutions.



First Regular Session of the 121st General Assembly (2019)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

SENATE BILL No. 587

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 24-4.5-1-106 IS REPEALED [EFFECTIVE JULY
2 1, 2019]. ~~Sec. 106. (1) The dollar amounts in this article designated as~~
3 ~~subject to change shall change, as provided in this section, according~~
4 ~~to the Consumer Price Index for Urban Wage Earners and Clerical~~
5 ~~Workers: U.S. City Average, All Items, 1957-59 equals 100; compiled~~
6 ~~by Bureau of Labor Statistics, United States Department of Labor, and~~
7 ~~referred to in this section as the Index. The Index for October, 1971, is~~
8 ~~the Reference Base Index.~~

9 (2) The dollar amounts shall change on July 1 of each
10 even-numbered year if the percentage of change, calculated to the
11 nearest whole percentage point, between the Index at the end of the
12 preceding year and the Reference Base Index is ten percent (10%) or
13 more, except that:

14 (a) the portion of the percentage change in the Index in excess of
15 a multiple of ten percent (10%) shall be disregarded and the
16 dollar amounts shall change only in multiples of ten percent
17 (10%) of the amounts on March 5, 1971;



1 (b) the dollar amounts shall not change if the amounts required by
 2 this section are those currently in effect pursuant to this article as
 3 a result of earlier application of the section; and

4 (c) in no event shall the dollar amounts be reduced below the
 5 amounts appearing in this article on March 5, 1971.

6 (3) If the Index is revised after December 1967, the percentage of
 7 change shall be calculated on the basis of the revised Index. If the
 8 revision of the Index changes the Reference Base Index, a revised
 9 Reference Base Index shall be determined by multiplying the
 10 Reference Base Index by the ratio of the revised Index to the current
 11 Index, as each was for the first month in which the revised Index is
 12 available. If the Index is superseded, the Index is the one represented
 13 by the Bureau of Labor Statistics as reflecting most accurately changes
 14 in the purchasing power of the dollar for consumers.

15 (4) The department shall issue an emergency rule under
 16 IC 4-22-2-37.1 announcing:

17 (a) on or before April 30 of each year in which dollar amounts are
 18 to change, the changes in dollar amounts required by subsection
 19 (2); and

20 (b) promptly after the changes occur, changes in the Index
 21 required by subsection (3); including, when applicable, the
 22 numerical equivalent of the Reference Base Index under a revised
 23 Reference Base Index and the designation or title of any index
 24 superseding the Index.

25 An emergency rule adopted under this subsection expires on the date
 26 the department is next required to issue a rule under this subsection.

27 (5) A person does not violate this article through a transaction
 28 otherwise complying with this article if the person relies on dollar
 29 amounts either determined according to subsection (2) or appearing in
 30 the last rule of the department announcing the then current dollar
 31 amounts.

32 SECTION 2. IC 24-4.5-1-109, AS AMENDED BY P.L.35-2010,
 33 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2019]: Sec. 109. All persons licensed on October 1, 1971,
 35 under:

36 (1) IC 24-5-4 (before its repeal on October 1, 1971);

37 (2) IC 28-7-4 (before its repeal on October 1, 1971);

38 (3) IC 28-7-2 (before its repeal on October 1, 1971); or

39 (4) IC 28-5-1-4;

40 are licensed to make supervised consumer loans under this article,
 41 subject to the renewal provisions contained in this article. All
 42 provisions of this article apply to the persons previously licensed or



1 authorized. The department may deliver evidence of licensing to the
2 persons previously licensed or authorized.

3 SECTION 3. IC 24-4.5-2-201, AS AMENDED BY P.L.91-2013,
4 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2019]: Sec. 201. Credit Service Charge for Consumer Credit
6 Sales other than Revolving Charge Accounts — (1) With respect to a
7 consumer credit sale, other than a sale pursuant to a revolving charge
8 account, a seller may contract for and receive a credit service charge
9 not exceeding that permitted by this section.

10 (2) The credit service charge, calculated according to the actuarial
11 method, may not exceed ~~the equivalent of the greater of:~~

12 (a) ~~the total of:~~

13 (i) ~~thirty-six percent (36%) per year on that part of the unpaid~~
14 ~~balances of the amount financed. which is two thousand~~
15 ~~dollars (\$2,000) or less;~~

16 (ii) ~~twenty-one percent (21%) per year on that part of the~~
17 ~~unpaid balances of the amount financed which is more than~~
18 ~~two thousand dollars (\$2,000) but does not exceed four~~
19 ~~thousand dollars (\$4,000); and~~

20 (iii) ~~fifteen percent (15%) per year on that part of the unpaid~~
21 ~~balances of the amount financed which is more than four~~
22 ~~thousand dollars (\$4,000); or~~

23 (b) ~~twenty-five percent (25%) per year on the unpaid balances of~~
24 ~~the amount financed.~~

25 (3) This section does not limit or restrict the manner of contracting
26 for the credit service charge, whether by way of add-on, discount, or
27 otherwise, so long as the rate of the credit service charge does not
28 exceed that permitted by this section. If the sale is precomputed:

29 (a) the credit service charge may be calculated on the assumption
30 that all scheduled payments will be made when due; and

31 (b) the effect of prepayment is governed by the provisions on
32 rebate upon prepayment in section 210 of this chapter.

33 (4) For the purposes of this section, the term of a sale agreement
34 commences with the date the credit is granted or, if goods are delivered
35 or services performed more than thirty (30) days after that date, with
36 the date of commencement of delivery or performance except as set
37 forth below:

38 (a) Delays attributable to the customer. Where the customer
39 requests delivery after the thirty (30) day period or where delivery
40 occurs after the thirty (30) day period for a reason attributable to
41 the customer (including but not limited to failure to close on a
42 residence or failure to obtain lease approval), the term of the sale



1 agreement shall commence with the date credit is granted.

2 (b) Partial Deliveries. Where any portion of the order has been
3 delivered within the thirty (30) day period, the term of the sale
4 agreement shall commence with the date credit is granted.

5 Differences in the lengths of months are disregarded and a day may be
6 counted as one-thirtieth (1/30) of a month. Subject to classifications
7 and differentiations the seller may reasonably establish, a part of a
8 month in excess of fifteen (15) days may be treated as a full month if
9 periods of fifteen (15) days or less are disregarded and that procedure
10 is not consistently used to obtain a greater yield than would otherwise
11 be permitted.

12 ~~(5) Subject to classifications and differentiations the seller may~~
13 ~~reasonably establish, the seller may make the same credit service~~
14 ~~charge on all amounts financed within a specified range. A credit~~
15 ~~service charge so made does not violate subsection (2) if:~~

16 (a) when applied to the median amount within each range, it does
17 not exceed the maximum permitted by subsection (2); and

18 (b) when applied to the lowest amount within each range, it does
19 not produce a rate of credit service charge exceeding the rate
20 calculated according to paragraph (a) by more than eight percent
21 (8%) of the rate calculated according to paragraph (a).

22 ~~(6) (5) Notwithstanding subsection (2), the seller may contract for~~
23 ~~and receive a minimum credit service charge of not more than thirty~~
24 ~~fifty dollars (\$30): (\$50). The minimum credit service charge allowed~~
25 ~~under this subsection may be imposed only if:~~

26 (a) the debtor prepays in full a consumer credit sale, refinancing,
27 or consolidation, regardless of whether the sale, refinancing, or
28 consolidation is precomputed;

29 (b) the sale, refinancing, or consolidation prepaid by the debtor is
30 subject to a credit service charge that:

31 (i) is contracted for by the parties; and

32 (ii) does not exceed the rate prescribed in subsection (2); and

33 (c) the credit service charge earned at the time of prepayment is
34 less than the minimum credit service charge contracted for under
35 this subsection.

36 ~~(7) The amounts of two thousand dollars (\$2,000) and four thousand~~
37 ~~dollars (\$4,000) in subsection (2) are subject to change pursuant to the~~
38 ~~provisions on adjustment of dollar amounts (IC 24-4.5-1-106):~~
39 ~~However, notwithstanding IC 24-4.5-1-106(1), the Reference Base~~
40 ~~Index to be used under this subsection is the Index for October 2012.~~

41 ~~(8) The amount of thirty dollars (\$30) in subsection (6) is subject to~~
42 ~~change under the provisions on adjustment of dollar amounts~~



1 ~~(IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the~~
 2 ~~Reference Base Index to be used under this subsection is the Index for~~
 3 ~~October 1992.~~

4 SECTION 4. IC 24-4.5-2-203.5 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 203.5. Delinquency
 6 Charges — (1) With respect to a consumer credit sale, refinancing, or
 7 consolidation, the parties may contract for a delinquency charge of not
 8 more than five dollars (\$5) on any installment or minimum payment
 9 due not paid in full within ten (10) days after its scheduled due date.

10 (2) A delinquency charge under this section may be collected only
 11 once on an installment however long it remains in default. A
 12 delinquency charge on consumer credit sales made under a revolving
 13 charge account may be applied each month that the payment is less
 14 than the minimum required payment. A delinquency charge may be
 15 collected any time after it accrues. No delinquency charge may be
 16 collected if the installment has been deferred and a deferral charge
 17 (IC 24-4.5-2-204) has been paid or incurred.

18 (3) A delinquency charge may not be collected on an installment or
 19 payment due that is paid in full within ten (10) days after its scheduled
 20 due date even though an earlier maturing installment, minimum
 21 payment, or a delinquency charge on:

- 22 (a) an earlier installment; or
 23 (b) payment due;

24 may not have been paid in full. For purposes of this subsection,
 25 payments are applied first to current installments or payments due and
 26 then to delinquent installments or payments due.

27 (4) If two (2) installments or parts of two (2) installments of a
 28 precomputed consumer credit sale are in default for ten (10) days or
 29 more, the creditor may elect to convert the consumer credit sale from
 30 a precomputed consumer credit sale to a consumer credit sale in which
 31 the credit service charge is based on unpaid balances. A creditor that
 32 makes this election shall make a rebate under the provisions on rebates
 33 upon prepayment under IC 24-4.5-2-210 as of the maturity date of the
 34 first delinquent installment, and thereafter may make a credit service
 35 charge as authorized by the provisions on credit service charges for
 36 consumer credit sales under IC 24-4.5-2-201. The amount of the rebate
 37 shall not be reduced by the amount of any permitted minimum charge
 38 under IC 24-4.5-2-210. Any deferral charges made on installments due
 39 at or after the maturity date of the first delinquent installment shall be
 40 rebated, and no further deferral charges shall be made.

41 ~~(5) The amount of five dollars (\$5) in subsection (1) is subject to~~
 42 ~~change under the section on adjustment of dollar amounts~~



1 ~~(IC 24-4.5-1-106):~~

2 (6) If the parties provide by contract for a delinquency charge that
3 is subject to change, the seller shall disclose in the contract that the
4 amount of the delinquency charge is subject to change as allowed by
5 ~~IC 24-4.5-1-106:~~

6 SECTION 5. IC 24-4.5-2-210 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 210. Rebate upon
8 Prepayment — (1) Except as provided in subsection (2), upon
9 prepayment in full of the unpaid balance of a precomputed consumer
10 credit sale, refinancing, or consolidation, an amount not less than the
11 unearned portion of the credit service charge calculated according to
12 this section shall be rebated to the buyer. If the rebate required is less
13 than one dollar (\$1), no rebate need be made.

14 (2) Upon prepayment in full of a consumer credit sale, refinancing,
15 or consolidation, other than one pursuant to a revolving charge account,
16 if the credit service charge then earned is less than any permitted
17 minimum credit service charge ~~(IC 24-4.5-2-201(6))~~
18 **(IC 24-4.5-2-201(5))** contracted for, whether or not the sale,
19 refinancing, or consolidation is precomputed, the seller may collect or
20 retain the minimum charge, as if earned, not exceeding the credit
21 service charge contracted for.

22 (3) The unearned portion of the credit service charge is a fraction of
23 the credit service charge of which the numerator is the sum of the
24 periodic balances scheduled to follow the computational period in
25 which prepayment occurs, and the denominator is the sum of all
26 periodic balances under either the sale agreement or, if the balance
27 owing resulted from a refinancing (IC 24-4.5-2-205) or a consolidation
28 (IC 24-4.5-2-206), under the refinancing agreement or consolidation
29 agreement.

30 (4) In this section:

31 (a) "periodic balance" means the amount scheduled to be
32 outstanding on the last day of a computational period before
33 deducting the payment, if any, scheduled to be made on that day;

34 (b) "computational period" means one (1) month if one-half (1/2)
35 or more of the intervals between scheduled payments under the
36 agreement is one (1) month or more, and otherwise means one (1)
37 week;

38 (c) the "interval" to the due date of the first scheduled installment
39 or the final scheduled payment date is measured from the date of
40 a sale, refinancing, or consolidation, or any later date prescribed
41 for calculating maximum credit service charges
42 ~~(IC 24-4.5-2-201(4))~~ and includes either the first or last day of the



- 1 interval; and
2 (d) if the interval to the due date of the first scheduled installment
3 does not exceed one (1) month by more than fifteen (15) days
4 when the computational period is one (1) month, or eleven (11)
5 days when the computational period is one (1) week, the interval
6 shall be considered as one (1) computational period.
7 (5) This subsection applies only if the schedule of payments is not
8 regular.
9 (a) If the computational period is one (1) month and:
10 (i) if the number of days in the interval to the due date of the
11 first scheduled installment is less than one (1) month by more
12 than five (5) days, or more than one (1) month by more than
13 five (5) but not more than fifteen (15) days, the unearned
14 credit service charge shall be increased by an adjustment for
15 each day by which the interval is less than one (1) month and,
16 at the option of the seller, may be reduced by an adjustment for
17 each day by which the interval is more than one (1) month; the
18 adjustment for each day shall be one-thirtieth (1/30) of that
19 part of the credit service charge earned in the computational
20 period prior to the due date of the first scheduled installment
21 assuming that period to be one (1) month; and
22 (ii) if the interval to the final scheduled payment date is a
23 number of computational periods plus an additional number of
24 days less than a full month, the additional number of days shall
25 be considered a computational period only if sixteen (16) days
26 or more. This subparagraph applies whether or not clause (i)
27 applies.
28 (b) Notwithstanding paragraph (a), if the computational period is
29 one (1) month, the number of days in the interval to the due date
30 of the first installment exceeds one (1) month by not more than
31 fifteen (15) days, and the schedule of payments is otherwise
32 regular, the seller, at the seller's option, may exclude the extra
33 days and the charge for the extra days in computing the unearned
34 credit service charge; but if the seller does so and a rebate is
35 required before the due date of the first scheduled installment, the
36 seller shall compute the earned charge for each elapsed day as
37 one-thirtieth (1/30) of the amount the earned charge would have
38 been if the first interval had been one (1) month.
39 (c) If the computational period is one (1) week and:
40 (i) if the number of days in the interval to the due date of this
41 first scheduled installment is less than five (5) days or more
42 than nine (9) days but not more than eleven (11) days, the



1 unearned credit service charge shall be increased by an
 2 adjustment for each day by which the interval is less than
 3 seven (7) days and, at the option of the seller, may be reduced
 4 by an adjustment for each day by which the interval is more
 5 than seven (7) days; the adjustment for each day shall be
 6 one-seventh (1/7) of that part of the credit service charge
 7 earned in the computational period prior to the due date of the
 8 first scheduled installment assuming that period to be one (1)
 9 week; and

10 (ii) if the interval to the final scheduled payment date is a
 11 number of computational periods plus an additional number of
 12 days less than a full week, the additional number of days shall
 13 be considered a computational period only if five (5) days or
 14 more. This subparagraph applies whether or not subparagraph
 15 (i) applies.

16 (6) If a deferral (IC 24-4.5-2-204) has been agreed to, the unearned
 17 portion of the credit service charge shall be computed without regard
 18 to the deferral. The amount of deferral charge earned at the date of
 19 prepayment shall also be calculated. If the deferral charge earned is
 20 less than the deferral charge paid, the difference shall be added to the
 21 unearned portion of the credit service charge. If any part of a deferral
 22 charge has been earned but has not been paid, that part shall be
 23 subtracted from the unearned portion of the credit service charge or
 24 shall be added to the unpaid balance.

25 (7) This section does not preclude the collection or retention by the
 26 seller of delinquency charges (~~IC 24-4.5-2-203, repealed in 1994~~;
 27 **IC 24-4.5-2-203.5**).

28 (8) If the maturity is accelerated for any reason and judgment is
 29 obtained, the buyer is entitled to the same rebate as if payment had
 30 been made on the date judgment is entered.

31 (9) Upon prepayment in full of a consumer credit sale by the
 32 proceeds of consumer credit insurance (IC 24-4.5-4-103), the buyer or
 33 the buyer's estate shall pay the same credit service charge or receive the
 34 same rebate as though the buyer had prepaid the agreement on the date
 35 the proceeds of the insurance are paid to the seller, but no later than ten
 36 (10) business days after satisfactory proof of loss is furnished to the
 37 seller. This subsection applies whether or not the credit sale is
 38 precomputed.

39 (10) Upon prepayment in full of a transaction with a term of more
 40 than sixty-one (61) months, the unearned part of the credit service
 41 charge shall be computed by applying the disclosed annual percentage
 42 rate that would yield the credit service charge originally contracted for



1 to the unpaid balances of the amount financed for the full
 2 computational periods following the prepayment, as originally
 3 scheduled or as deferred.

4 SECTION 6. IC 24-4.5-2-407, AS AMENDED BY P.L.186-2015,
 5 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2019]: Sec. 407. (1) With respect to a consumer credit sale,
 7 a seller may take a security interest in the property sold. In addition, a
 8 seller may take a security interest in goods upon which services are
 9 performed or in which goods sold are installed or to which they are
 10 annexed, or in land to which the goods are affixed or which is
 11 maintained, repaired or improved as a result of the sale of the goods or
 12 services, if, in the case of a subordinate lien mortgage transaction, the
 13 debt secured is four thousand dollars (\$4,000) or more, or, in the case
 14 of a security interest in goods the debt secured is ~~three one thousand~~
 15 **five** hundred dollars (~~\$300~~) (**\$1,500**) or more. Except as provided with
 16 respect to cross-collateral (IC 24-4.5-2-408), a seller may not otherwise
 17 take a security interest in property of the buyer to secure the debt
 18 arising from a consumer credit sale.

19 (2) With respect to a consumer lease, a lessor may not take a
 20 security interest in property of the lessee to secure the debt arising from
 21 the lease.

22 (3) A security interest taken in violation of this section is void.

23 ~~(4) The amounts of four thousand dollars (\$4,000) and three~~
 24 ~~hundred dollars (\$300) in subsection (1) are subject to change pursuant~~
 25 ~~to the provisions on adjustment of dollar amounts (IC 24-4.5-1-106):~~
 26 ~~However, notwithstanding IC 24-4.5-1-106(1), the Reference Base~~
 27 ~~Index to be used with respect to the amount of:~~

28 ~~(a) three hundred dollars (\$300) is the Index for October 1992;~~
 29 ~~and~~

30 ~~(b) four thousand dollars (\$4,000) is the Index for October 2012.~~

31 SECTION 7. IC 24-4.5-3-102, AS AMENDED BY P.L.35-2010,
 32 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2019]: Sec. 102. This chapter applies to consumer loans.
 34 ~~including supervised loans.~~ In addition, IC 24-4.5-3-601 through
 35 IC 24-4.5-3-605 apply to consumer related loans. The licensing
 36 provisions of this chapter apply to consumer credit sales under
 37 IC 24-4.5-2 that are subordinate lien mortgage transactions.

38 SECTION 8. IC 24-4.5-3-201, AS AMENDED BY P.L.159-2017,
 39 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JULY 1, 2019]: Sec. 201. Loan Finance Charge for Consumer Loans
 41 ~~other than Supervised Loans~~ — (1) Except as provided in subsections
 42 ~~(5) and (6), and (8);~~ with respect to a consumer loan, ~~other than a~~



1 supervised loan (as defined in section 501 of this chapter); a lender
 2 may contract for a loan finance charge, calculated according to the
 3 actuarial method, not exceeding ~~twenty-five~~ **thirty-six** percent (~~25%~~)
 4 **(36%)** per year on the unpaid balances of the principal.

5 (2) This section does not limit or restrict the manner of contracting
 6 for the loan finance charge, whether by way of add-on, discount, or
 7 otherwise, so long as the rate of the loan finance charge does not
 8 exceed that permitted by this section. If the loan is precomputed:

9 (a) the loan finance charge may be calculated on the assumption
 10 that all scheduled payments will be made when due; and

11 (b) the effect of prepayment is governed by the provisions on
 12 rebate upon prepayment in section 210 of this chapter.

13 (3) For the purposes of this section, the term of a loan commences
 14 with the date the loan is made. Differences in the lengths of months are
 15 disregarded, and a day may be counted as one-thirtieth (1/30) of a
 16 month. Subject to classifications and differentiations the lender may
 17 reasonably establish, a part of a month in excess of fifteen (15) days
 18 may be treated as a full month if periods of fifteen (15) days or less are
 19 disregarded and if that procedure is not consistently used to obtain a
 20 greater yield than would otherwise be permitted. For purposes of
 21 computing average daily balances, the creditor may elect to treat all
 22 months as consisting of thirty (30) days.

23 (4) With respect to a consumer loan made pursuant to a revolving
 24 loan account:

25 (a) the loan finance charge shall be deemed not to exceed the
 26 maximum annual percentage rate if the loan finance charge
 27 contracted for and received does not exceed a charge in each
 28 monthly billing cycle which is ~~two and eighty-three thousandths~~
 29 **three percent (2.083%) (3%)** of an amount not greater than:

30 (i) the average daily balance of the debt;

31 (ii) the unpaid balance of the debt on the same day of the
 32 billing cycle; or

33 (iii) ~~subject to subsection (5)~~; the median amount within a
 34 specified range within which the average daily balance or the
 35 unpaid balance of the debt, on the same day of the billing
 36 cycle, is included; for the purposes of this subparagraph and
 37 subparagraph (ii), a variation of not more than four (4) days
 38 from month to month is "the same day of the billing cycle";

39 (b) if the billing cycle is not monthly, the loan finance charge
 40 shall be deemed not to exceed the maximum annual percentage
 41 rate if the loan finance charge contracted for and received does
 42 not exceed a percentage which bears the same relation to



1 one-twelfth (1/12) the maximum annual percentage rate as the
 2 number of days in the billing cycle bears to thirty (30); and
 3 (c) notwithstanding subsection (1), if there is an unpaid balance
 4 on the date as of which the loan finance charge is applied, the
 5 lender may contract for and receive a charge not exceeding fifty
 6 cents (\$0.50) if the billing cycle is monthly or longer, or the pro
 7 rata part of fifty cents (\$0.50) which bears the same relation to
 8 fifty cents (\$0.50) as the number of days in the billing cycle bears
 9 to thirty (30) if the billing cycle is shorter than monthly, but no
 10 charge may be made pursuant to this paragraph if the lender has
 11 made an annual charge for the same period as permitted by the
 12 provisions on additional charges in section 202(1)(c) of this
 13 chapter.

14 ~~(5) Subject to classifications and differentiations the lender may~~
 15 ~~reasonably establish; the lender may make the same loan finance~~
 16 ~~charge on all amounts financed within a specified range. A loan finance~~
 17 ~~charge does not violate subsection (1) if:~~

18 ~~(a) when applied to the median amount within each range, it does~~
 19 ~~not exceed the maximum permitted by subsection (1); and~~

20 ~~(b) when applied to the lowest amount within each range, it does~~
 21 ~~not produce a rate of loan finance charge exceeding the rate~~
 22 ~~calculated according to paragraph (a) by more than eight percent~~
 23 ~~(8%) of the rate calculated according to paragraph (a).~~

24 ~~(6) (5) With respect to a consumer loan not made pursuant to a~~
 25 ~~revolving loan account, the lender may contract for and receive a~~
 26 ~~minimum loan finance charge of not more than ~~thirty fifty~~ dollars~~
 27 ~~(\$30). (\$50). The minimum loan finance charge allowed under this~~
 28 ~~subsection may be imposed only if the lender does not assess a~~
 29 ~~nonrefundable prepaid finance charge under subsection (8) (6) and:~~

30 ~~(a) the debtor prepays in full a consumer loan, refinancing, or~~
 31 ~~consolidation, regardless of whether the loan, refinancing, or~~
 32 ~~consolidation is precomputed;~~

33 ~~(b) the loan, refinancing, or consolidation prepaid by the debtor~~
 34 ~~is subject to a loan finance charge that:~~

35 ~~(i) is contracted for by the parties; and~~

36 ~~(ii) does not exceed the rate prescribed in subsection (1); and~~

37 ~~(c) the loan finance charge earned at the time of prepayment is~~
 38 ~~less than the minimum loan finance charge contracted for under~~
 39 ~~this subsection.~~

40 ~~(7) The amount of thirty dollars (\$30) in subsection (6) is subject to~~
 41 ~~change under the provisions on adjustment of dollar amounts~~
 42 ~~(IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the~~



1 Reference Base Index to be used under this subsection is the Index for
2 October 1992:

3 ~~(8)~~ **(6)** Except as provided in subsection ~~(6)~~; **(5)**, in addition to the
4 loan finance charge provided for in this section and to any other
5 charges and fees permitted by this chapter, a lender may contract for
6 and receive a nonrefundable prepaid finance charge of not more than
7 the following:

8 (a) In the case of a consumer loan that is secured by an interest in
9 land and that:

10 (i) is not made under a revolving loan account, two percent
11 (2%) of the loan amount; or

12 (ii) is made under a revolving loan account, two percent (2%)
13 of the line of credit.

14 (b) In the case of consumer loan that is not secured by an interest
15 in land **and that has a principal loan amount of:**

16 **(i) less than five thousand dollars (\$5,000), one hundred**
17 **fifty dollars (\$50); (\$150); or**

18 **(ii) at least five thousand dollars (\$5,000), two hundred**
19 **fifty dollars (\$250).**

20 ~~(9)~~ **(7)** The nonrefundable prepaid finance charge provided for in
21 subsection ~~(8)~~ **(6)** is not subject to refund or rebate **and, when made**
22 **and collected:**

23 **(a) is not interest; and**

24 **(b) is not a rate under IC 35-45-7-1.**

25 ~~(10)~~ **(8)** Notwithstanding subsections ~~(8)~~ **(6)** and ~~(9)~~; **(7)**, in the case
26 of a consumer loan that is not secured by an interest in land, if a lender
27 retains any part of a nonrefundable prepaid finance charge charged on
28 a loan that is paid in full by a new loan from the same lender, the
29 following apply:

30 (a) If the loan is paid in full by the new loan within three (3)
31 months after the date of the prior loan, the lender may not charge
32 a nonrefundable prepaid finance charge on the new loan, or, in the
33 case of a revolving loan, on the increased credit line.

34 (b) The lender may not assess more than ~~two~~ **(2) three (3)**
35 nonrefundable prepaid finance charges in any twelve (12) month
36 period.

37 ~~(11)~~ **(9)** In the case of a consumer loan that is secured by an interest
38 in land, this section does not prohibit a lender from contracting for and
39 receiving a fee for preparing deeds, mortgages, reconveyances, and
40 similar documents under section 202(1)(d)(ii) of this chapter, in
41 addition to the nonrefundable prepaid finance charge provided for in
42 subsection ~~(8)~~; **(6)**.



1 SECTION 9. IC 24-4.5-3-202, AS AMENDED BY P.L.69-2018,
 2 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2019]: Sec. 202. (1) In addition to the loan finance charge
 4 permitted by this chapter, a lender may contract for and receive the
 5 following additional charges in connection with a consumer loan:

6 (a) Official fees and taxes.

7 (b) Charges for insurance as described in subsection (2).

8 (c) Annual participation fees assessed in connection with a
 9 revolving loan account. Annual participation fees must:

10 (i) be reasonable in amount;

11 (ii) bear a reasonable relationship to the lender's costs to
 12 maintain and monitor the loan account; and

13 (iii) not be assessed for the purpose of circumvention or
 14 evasion of this article, as determined by the department.

15 (d) With respect to a debt secured by an interest in land, the
 16 following closing costs, if they are bona fide, reasonable in
 17 amount, and not for the purpose of circumvention or evasion of
 18 this article:

19 (i) Fees for title examination, abstract of title, title insurance,
 20 property surveys, or similar purposes.

21 (ii) Fees for preparing deeds, mortgages, and reconveyance,
 22 settlement, and similar documents.

23 (iii) Notary and credit report fees.

24 (iv) Amounts required to be paid into escrow or trustee
 25 accounts if the amounts would not otherwise be included in
 26 the loan finance charge.

27 (v) Appraisal fees.

28 (e) Notwithstanding provisions of the Consumer Credit Protection
 29 Act (15 U.S.C. 1601 et seq.) concerning disclosure, charges for
 30 other benefits, including insurance, conferred on the debtor, if the
 31 benefits are of value to the debtor and if the charges are
 32 reasonable in relation to the benefits, and are excluded as
 33 permissible additional charges from the loan finance charge. With
 34 respect to any other additional charge not specifically provided
 35 for in this section to be a permitted charge under this subsection,
 36 the creditor must submit a written explanation of the charge to the
 37 department indicating how the charge would be assessed and the
 38 value or benefit to the debtor. Supporting documents may be
 39 required by the department. The department shall determine
 40 whether the charge would be of benefit to the debtor and is
 41 reasonable in relation to the benefits.

42 (f) A charge not to exceed twenty-five dollars (\$25) for each



1 returned payment by a bank or other depository institution of a
2 dishonored check, electronic funds transfer, negotiable order of
3 withdrawal, or share draft issued by the debtor.

4 (g) With respect to a revolving loan account, a fee not to exceed
5 twenty-five dollars (\$25) in each billing cycle during which the
6 balance due under the revolving loan account exceeds by more
7 than one hundred dollars (\$100) the maximum credit limit for the
8 account established by the lender.

9 (h) With respect to a revolving loan account, a transaction fee that
10 may not exceed the lesser of the following:

11 (i) Two percent (2%) of the amount of the transaction.

12 (ii) Ten dollars (\$10).

13 (i) A charge not to exceed twenty-five dollars (\$25) for a
14 skip-a-payment service, subject to the following:

15 (i) At the time of use of the service, the consumer must be
16 given written notice of the amount of the charge and must
17 acknowledge the amount in writing, including by electronic
18 signature.

19 (ii) A charge for a skip-a-payment service may not be assessed
20 with respect to a consumer loan subject to the provisions on
21 rebate upon prepayment that are set forth in section 210 of this
22 chapter.

23 (iii) A charge for a skip-a-payment service may not be
24 assessed with respect to any payment for which a delinquency
25 charge has been assessed under section 203.5 of this chapter.

26 (j) A charge not to exceed ten dollars (\$10) for an optional
27 expedited payment service, subject to the following:

28 (i) The charge may be assessed only upon request by the
29 consumer to use the expedited payment service.

30 (ii) The amount of the charge must be disclosed to the
31 consumer at the time of the consumer's request to use the
32 expedited payment service.

33 (iii) The consumer must be informed that the consumer retains
34 the option to make a payment by traditional means.

35 (iv) The charge may not be established in advance, through
36 any agreement with the consumer, as the expected method of
37 payment.

38 (v) The charge may not be assessed with respect to any
39 payment for which a delinquency charge has been assessed
40 under section 203.5 of this chapter.

41 (k) This subdivision applies to a CPAP transaction offered or
42 entered into after June 30, 2016. With respect to a CPAP



1 transaction, a CPAP provider may impose the following charges
2 and fees:

3 (i) A fee calculated at an annual rate that does not exceed
4 thirty-six percent (36%) of the funded amount.

5 (ii) A servicing charge calculated at an annual rate that does
6 not exceed seven percent (7%) of the funded amount.

7 (iii) If the funded amount of the CPAP transaction is less than
8 five thousand dollars (\$5,000), a one (1) time charge that does
9 not exceed two hundred fifty dollars (\$250) for obtaining and
10 preparing documents.

11 (iv) If the funded amount of the CPAP transaction is at least
12 five thousand dollars (\$5,000), a one (1) time charge that does
13 not exceed five hundred dollars (\$500) for obtaining and
14 preparing documents.

15 A CPAP provider may not assess, or collect from the consumer
16 claimant, any other fee or charge in connection with a CPAP
17 transaction, including any finance charges under section 201 ~~or~~
18 ~~508~~ of this chapter.

19 (l) A charge for a GAP agreement, subject to subsection (3).

20 (m) With respect to consumer loans made by a person exempt
21 from licensing under IC 24-4.5-3-502(1), a charge for a debt
22 cancellation agreement, subject to the following:

23 (i) A debt cancellation agreement or debt cancellation
24 coverage may not be required by the lender, and that fact must
25 be disclosed in writing to the consumer.

26 (ii) The charge for the initial term of coverage under the debt
27 cancellation agreement must be disclosed in writing to the
28 consumer. The charge may be disclosed on a unit-cost basis
29 only in the case of revolving loan accounts, closed-end credit
30 transactions if the request for coverage is made by mail or
31 telephone, and closed-end credit transactions if the debt
32 cancellation agreement limits the total amount of indebtedness
33 eligible for coverage.

34 (iii) If the term of coverage under the debt cancellation
35 agreement is less than the term of the consumer loan, the term
36 of coverage under the debt cancellation agreement must be
37 disclosed in writing to the consumer.

38 (iv) The consumer must sign or initial an affirmative written
39 request for coverage after receiving all required disclosures.

40 (v) If debt cancellation coverage for two (2) or more events is
41 provided for in a single charge under a debt cancellation
42 agreement, the entire charge may be excluded from the loan



1 finance charge and imposed as an additional charge under this
2 section if at least one (1) of the events is the loss of life, health,
3 or income.

4 The additional charges provided for in subdivisions (f) through (k) are
5 not subject to refund or rebate.

6 (2) An additional charge may be made for insurance in connection
7 with the loan, other than insurance protecting the lender against the
8 debtor's default or other credit loss:

9 (a) with respect to insurance against loss of or damage to property
10 or against liability, if the lender furnishes a clear and specific
11 statement in writing to the debtor, setting forth the cost of the
12 insurance if obtained from or through the lender and stating that
13 the debtor may choose the person, subject to the lender's
14 reasonable approval, through whom the insurance is to be
15 obtained; and

16 (b) with respect to consumer credit insurance providing life,
17 accident, unemployment or other loss of income, or health
18 coverage, if the insurance coverage is not a factor in the approval
19 by the lender of the extension of credit and this fact is clearly
20 disclosed in writing to the debtor, and if, in order to obtain the
21 insurance in connection with the extension of credit, the debtor
22 gives specific affirmative written indication of the desire to do so
23 after written disclosure of the cost of the insurance.

24 (3) An additional charge may be made for a GAP agreement, subject
25 to the following:

26 (a) A GAP agreement or GAP coverage may not be required by
27 the lender, and that fact must be disclosed in writing to the
28 consumer.

29 (b) The charge for the initial term of coverage under the GAP
30 agreement must be disclosed in writing to the consumer. The
31 charge may be disclosed on a unit-cost basis only in the case of
32 the following transactions:

33 (i) Revolving loan accounts.

34 (ii) Closed-end credit transactions, if the request for coverage
35 is made by mail or telephone.

36 (iii) Closed-end credit transactions, if the GAP agreement
37 limits the total amount of indebtedness eligible for coverage.

38 (c) If the term of coverage under the GAP agreement is less than
39 the term of the consumer loan, the term of coverage under the
40 GAP agreement must be disclosed in writing to the consumer.

41 (d) The consumer must sign or initial an affirmative written
42 request for coverage after receiving all required disclosures.



- 1 (e) The GAP agreement must include the following:
 2 (i) In the case of GAP coverage for a new motor vehicle, the
 3 manufacturer's suggested retail price (MSRP) for the motor
 4 vehicle.
 5 (ii) In the case of GAP coverage for a used motor vehicle, the
 6 National Automobile Dealers Association (NADA) average
 7 retail value for the motor vehicle.
 8 (iii) The name of the financing entity taking assignment of the
 9 agreement, as applicable.
 10 (iv) The name and address of the consumer.
 11 (v) The name of the lender selling the agreement.
 12 (vi) Information advising the consumer that the consumer may
 13 be able to obtain similar coverage from the consumer's primary
 14 insurance carrier.
 15 (vii) A coverage provision that includes a minimum deductible
 16 of five hundred dollars (\$500).
 17 (viii) A provision providing for a minimum thirty (30) day trial
 18 period.
 19 (ix) In the case of a consumer loan made with respect to a
 20 motor vehicle, a provision excluding the sale of GAP coverage
 21 if the amount financed under the consumer loan (not including
 22 the cost of the GAP agreement, the cost of any credit
 23 insurance, and the cost of any warranties or service
 24 agreements) is less than eighty percent (80%) of the
 25 manufacturer's suggested retail price (MSRP), in the case of a
 26 new motor vehicle, or of the National Automobile Dealers
 27 Association (NADA) average retail value, in the case of a used
 28 motor vehicle.
 29 (x) In the case of a GAP agreement in which the charge for the
 30 agreement exceeds four hundred dollars (\$400), specific
 31 instructions that may be used by the consumer to cancel the
 32 agreement and obtain a refund of the unearned GAP charge
 33 before prepayment in full, in accordance with the procedures,
 34 and subject to the conditions, set forth in subdivision (f).
 35 (f) If the charge for the GAP agreement exceeds four hundred
 36 dollars (\$400), the consumer is entitled to cancel the agreement
 37 and obtain a refund of the unearned GAP charge before
 38 prepayment in full. Refunds of unearned GAP charges shall be
 39 made subject to the following conditions:
 40 (i) A refund of the charge for a GAP agreement must be
 41 calculated using a method that is no less favorable to the
 42 consumer than a refund calculated on a pro rata basis.



- 1 (ii) The consumer is entitled to a refund of the unearned GAP
 2 agreement charge as outlined in the GAP agreement.
 3 (iii) The seller of the GAP agreement, or the seller's assignee,
 4 is responsible for making a timely refund to the consumer of
 5 unearned GAP agreement charges under the terms and
 6 conditions of the GAP agreement.
- 7 (g) Upon prepayment in full of the consumer loan:
 8 (i) the GAP coverage is automatically terminated; and
 9 (ii) the seller of the GAP agreement must issue a refund in
 10 accordance with subdivision (f).
- 11 (h) A lender that sells GAP agreements must:
 12 (i) insure its GAP agreement obligations under a contractual
 13 liability insurance policy issued by an insurer authorized to
 14 engage in the insurance business in Indiana; and
 15 (ii) retain appropriate records, as required under this article,
 16 regarding GAP agreements sold, refunded, and expired.
- 17 (4) As used in this section, "debt cancellation agreement" means an
 18 agreement that provides coverage for payment or satisfaction of all or
 19 part of a debt in the event of the loss of life, health, or income. The
 20 term does not include a GAP agreement.
- 21 (5) As used in this section, "expedited payment service" means a
 22 service offered to a consumer to ensure that a payment made by the
 23 consumer with respect to a consumer loan will be reflected as paid and
 24 posted on an expedited basis.
- 25 (6) As used in this section:
 26 (a) "guaranteed asset protection agreement";
 27 (b) "guaranteed auto protection agreement"; or
 28 (c) "GAP agreement";
 29 means, with respect to consumer loans involving motor vehicles or
 30 other titled assets, an agreement in which the lender agrees to cancel
 31 or waive all or part of the outstanding debt after all property insurance
 32 benefits have been exhausted after the occurrence of a specified event.
- 33 (7) As used in this section, "skip-a-payment service" means a
 34 service that:
 35 (a) is offered by a lender to a consumer; and
 36 (b) permits the consumer to miss or skip a payment due under a
 37 consumer loan without resulting in default.
- 38 SECTION 10. IC 24-4.5-3-203.5 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 203.5. Delinquency
 40 Charges — (1) With respect to a consumer loan, refinancing, or
 41 consolidation, the parties may contract for a delinquency charge of not
 42 more than five dollars (\$5) on any installment or minimum payment



1 due not paid in full within ten (10) days after its scheduled due date.

2 (2) A delinquency charge under this section may be collected only
3 once on an installment however long it remains in default. With regard
4 to a delinquency charge on consumer loans made under a revolving
5 loan account, the delinquency charge may be applied each month that
6 the payment is less than the minimum required payment on the
7 account. A delinquency charge may be collected any time after it
8 accrues. A delinquency charge may not be collected if the installment
9 has been deferred and a deferral charge (IC 24-4.5-3-204) has been
10 paid or incurred.

11 (3) A delinquency charge may not be collected on an installment or
12 payment due that is paid in full within ten (10) days after its scheduled
13 due date even though an earlier maturing installment, minimum
14 payment, or a delinquency charge on:

15 (a) an earlier installment; or

16 (b) payment due;

17 may not have been paid in full. For purposes of this subsection,
18 payments are applied first to current installments or payments due and
19 then to delinquent installments or payments due.

20 (4) If two (2) installments or parts of two (2) installments of a
21 precomputed loan are in default for ten (10) days or more, the lender
22 may elect to convert the loan from a precomputed loan to a loan in
23 which the finance charge is based on unpaid balances. A lender that
24 makes this election shall make a rebate under the provisions on rebates
25 upon prepayment (IC 24-4.5-3-210) as of the maturity date of the first
26 delinquent installment, and thereafter may make a loan finance charge
27 as authorized by the provisions on loan finance charges for consumer
28 loans (IC 24-4.5-3-201). ~~or supervised loans (IC 24-4.5-3-508).~~ The
29 amount of the rebate shall not be reduced by the amount of any
30 permitted minimum charge (IC 24-4.5-3-210). Any deferral charges
31 made on installments due at or after the maturity date of the first
32 delinquent installment shall be rebated, and no further deferral charges
33 shall be made.

34 ~~(5) The amount of five dollars (\$5) in subsection (1) is subject to~~
35 ~~change pursuant to the section on adjustment of dollar amounts~~
36 ~~(IC 24-4.5-1-106).~~

37 ~~(6) If the parties provide by contract for a delinquency charge that~~
38 ~~is subject to change, the lender shall disclose in the contract that the~~
39 ~~amount of the delinquency charge is subject to change as allowed by~~
40 ~~IC 24-4.5-1-106.~~

41 SECTION 11. IC 24-4.5-3-205 IS AMENDED TO READ AS
42 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 205. Loan Finance



1 Charge on Refinancing — With respect to a consumer loan,
 2 refinancing, or consolidation, the lender may by agreement with the
 3 debtor refinance the unpaid balance and may contract for and receive
 4 a loan finance charge based on the principal resulting from the
 5 refinancing at a rate not exceeding that permitted by the provisions on
 6 a loan finance charge for consumer loans (IC 24-4.5-3-201). ~~or the~~
 7 ~~provisions on a loan finance charge for supervised loans~~
 8 ~~(IC 24-4.5-3-508), whichever is appropriate.~~ For the purpose of
 9 determining the loan finance charge permitted, the principal resulting
 10 from the refinancing comprises the following:

11 (1) if the transaction was not precomputed, the total of the unpaid
 12 balance and the accrued charges on the date of the refinancing, or, if
 13 the transaction was precomputed, the amount which the debtor would
 14 have been required to pay upon prepayment pursuant to the provisions
 15 on rebate upon prepayment (IC 24-4.5-3-210) on the date of
 16 refinancing; and

17 (2) appropriate additional charges (IC 24-4.5-3-202), payment of
 18 which is deferred.

19 SECTION 12. IC 24-4.5-3-206 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 206. Loan Finance
 21 Charge on Consolidation — (1) If a debtor owes an unpaid balance to
 22 a lender with respect to a consumer loan, refinancing, or consolidation,
 23 and becomes obligated on another consumer loan, refinancing, or
 24 consolidation with the same lender, the parties may agree to a
 25 consolidation resulting in a single schedule of payments. If the previous
 26 consumer loan, refinancing, or consolidation was not precomputed, the
 27 parties may agree to add the unpaid amount of principal and accrued
 28 charges on the date of consolidation to the principal with respect to the
 29 subsequent loan. If the previous consumer loan, refinancing, or
 30 consolidation was precomputed, the parties may agree to refinance the
 31 unpaid balance pursuant to the provisions on refinancing
 32 (24-4.5-3-205) and to consolidate the principal resulting from the
 33 refinancing by adding it to the principal with respect to the subsequent
 34 loan. In either case the lender may contract for and receive a loan
 35 finance charge based on the aggregate principal resulting from the
 36 consolidation at a rate not in excess of that permitted by the provisions
 37 on loan finance charge for consumer loans (24-4.5-3-201). ~~or the~~
 38 ~~provisions on loan finance charge for supervised loans (24-4.5-3-508);~~
 39 ~~whichever is appropriate.~~

40 (2) The parties may agree to consolidate the unpaid balance of a
 41 consumer loan with the unpaid balance of a consumer credit sale. The
 42 parties may agree to refinance the previous unpaid balance pursuant to



1 the provisions on refinancing sales (24-4.5-2-205) or the provisions on
 2 refinancing loans (24-4.5-3-205), whichever is appropriate, and to
 3 consolidate the amount financed resulting from the refinancing or the
 4 principal resulting from the refinancing by adding it to the amount
 5 financed or principal with respect to the subsequent sale or loan. The
 6 aggregate amount resulting from the consolidation shall be deemed
 7 principal, and the creditor may contract for and receive a loan finance
 8 charge based on the principal at a rate not in excess of that permitted
 9 by the provisions on loan finance charge for consumer loans
 10 (24-4.5-3-201), ~~or the provisions on loan finance charge for supervised~~
 11 ~~loans (24-4.5-3-508), whichever is appropriate.~~

12 SECTION 13. IC 24-4.5-3-208 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 208. Advances to
 14 Perform Covenants of Debtor. — (1) If the agreement with respect to
 15 a consumer loan, refinancing, or consolidation contains covenants by
 16 the debtor to perform certain duties pertaining to insuring or preserving
 17 collateral and if the lender pursuant to the agreement pays for
 18 performance of the duties on behalf of the debtor, the lender may add
 19 the amounts paid to the debt. Within a reasonable time after advancing
 20 any sums, he shall state to the debtor in writing the amount of the sums
 21 advanced, any charges with respect to this amount, and any revised
 22 payment schedule and, if the duties of the debtor performed by the
 23 lender pertain to insurance, a brief description of the insurance paid for
 24 by the lender including the type and amount of coverages. No further
 25 information need be given.

26 (2) A loan finance charge may be made for sums advanced pursuant
 27 to subsection (1) at a rate not exceeding the rate stated to the debtor
 28 pursuant to the provisions on disclosure (Part 3) with respect to the
 29 loan, refinancing, or consolidation, except that with respect to a
 30 revolving loan account the amount of the advance may be added to the
 31 unpaid balance of the debt and the lender may make a loan finance
 32 charge not exceeding that permitted by the provisions on loan finance
 33 charge for consumer loans (24-4.5-3-201). ~~or for supervised loans~~
 34 ~~(24-4.5-3-508), whichever is appropriate.~~

35 SECTION 14. IC 24-4.5-3-210 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 210. Rebate upon
 37 Prepayment. — (1) Except as provided in subsection (2), upon
 38 prepayment in full of the unpaid balance of a precomputed consumer
 39 loan, refinancing, or consolidation, an amount not less than the
 40 unearned portion of the loan finance charge calculated according to this
 41 section shall be rebated to the debtor. If the rebate otherwise required
 42 is less than one dollar (\$1), no rebate need be made.



1 (2) Upon prepayment in full of a consumer loan, refinancing, or
 2 consolidation, other than one (1) under a revolving loan account, if the
 3 loan finance charge earned is less than any permitted minimum loan
 4 finance charge (~~IC 24-4.5-3-201(6) or IC 24-4.5-3-508(7)~~)
 5 **(IC 24-4.5-3-201(5))** contracted for, whether or not the consumer loan,
 6 refinancing, or consolidation is precomputed, the lender may collect or
 7 retain the minimum loan finance charge, as if earned, not exceeding the
 8 loan finance charge contracted for.

9 (3) The unearned portion of the loan finance charge is a fraction of
 10 the loan finance charge of which the numerator is the sum of the
 11 periodic balances scheduled to follow the computational period in
 12 which prepayment occurs, and the denominator is the sum of all
 13 periodic balances under either the loan agreement or, if the balance
 14 owing resulted from a refinancing (IC 24-4.5-3-205) or a consolidation
 15 (IC 24-4.5-3-206), under the refinancing agreement or consolidation
 16 agreement.

17 (4) In this section:

18 (a) "periodic balance" means the amount scheduled to be
 19 outstanding on the last day of a computational period before
 20 deducting the payment, if any, scheduled to be made on that day;

21 (b) "computation period" means one (1) month if one-half (1/2)
 22 or more of the intervals between scheduled payments under the
 23 agreement is one (1) month or more, and otherwise means one (1)
 24 week;

25 (c) the "interval" to the due date of the first scheduled installment
 26 or the final scheduled payment date is measured from the date of
 27 a loan, refinancing, or consolidation, and includes either the first
 28 or last day of the interval; and

29 (d) if the interval to the due date of the first scheduled installment
 30 does not exceed one (1) month by more than fifteen (15) days
 31 when the computational period is one (1) month, or eleven (11)
 32 days when the computational period is one (1) week, the interval
 33 shall be considered as one (1) computational period.

34 (5) This subsection applies only if the schedule of payments is not
 35 regular.

36 (a) If the computational period is one (1) month and:

37 (i) if the number of days in the interval to the due date of the
 38 first scheduled installment is less than one (1) month by more
 39 than five (5) days, or more than one (1) month by more than
 40 five (5) but not more than fifteen (15) days, the unearned loan
 41 finance charge shall be increased by an adjustment for each
 42 day by which the interval is less than one (1) month and, at the



- 1 option of the lender, may be reduced by an adjustment for each
2 day by which the interval is more than one (1) month; the
3 adjustment for each day shall be one-thirtieth (1/30) of that
4 part of the loan finance charge earned in the computational
5 period prior to the due date of the first scheduled installment
6 assuming that period to be one (1) month; and
7 (ii) if the interval to the final scheduled payment date is a
8 number of computational periods plus an additional number of
9 days less than a full month, the additional number of days shall
10 be considered a computational period only if sixteen (16) days
11 or more. This subparagraph applies whether or not
12 subparagraph (i) applies.
- 13 (b) Notwithstanding paragraph (a), if the computational period is
14 one (1) month, the number of days in the interval to the due date
15 of the first installment exceeds one (1) month by not more than
16 fifteen (15) days, and the schedule of payments is otherwise
17 regular, the lender, at the lender's option, may exclude the extra
18 days and the charge for the extra days in computing the unearned
19 loan finance charge; but if the lender does so and a rebate is
20 required before the due date of the first scheduled installment, the
21 lender shall compute the earned charge for each elapsed day as
22 one-thirtieth (1/30) of the amount the earned charge would have
23 been if the first interval had been one (1) month.
- 24 (c) If the computational period is one (1) week and:
25 (i) if the number of days in the interval to the due date of the
26 first scheduled installment is less than five (5) days, or more
27 than nine (9) days, but not more than eleven (11) days, the
28 unearned loan finance charge shall be increased by an
29 adjustment for each day by which the interval is less than
30 seven (7) days and, at the option of the lender, may be reduced
31 by an adjustment for each day by which the interval is more
32 than seven (7) days; the adjustment for each day shall be
33 one-seventh (1/7) of that part of the loan finance charge earned
34 in the computational period prior to the due date of the first
35 scheduled installment, assuming that period to be one (1)
36 week; and
37 (ii) if the interval to the final scheduled payment date is a
38 number of computational periods plus an additional number of
39 days less than a full week, the additional number of days shall
40 be considered a computational period only if five (5) days or
41 more. This subparagraph applies whether or not subparagraph
42 (i) applies.



1 (6) If a deferral (IC 24-4.5-3-204) has been agreed to, the unearned
 2 portion of the loan finance charge shall be computed without regard to
 3 the deferral. The amount of deferral charge earned at the date of
 4 prepayment shall also be calculated. If the deferral charge earned is
 5 less than the deferral charge paid, the difference shall be added to the
 6 unearned portion of the loan finance charge. If any part of a deferral
 7 charge has been earned but has not been paid, that part shall be
 8 subtracted from the unearned portion of the loan finance charge or shall
 9 be added to the unpaid balance.

10 (7) This section does not preclude the collection or retention by the
 11 lender of delinquency charges (~~IC 24-4.5-3-203, repealed in 1994~~);
 12 **(IC 24-4.5-3-203.5).**

13 (8) If the maturity is accelerated for any reason and judgment is
 14 obtained, the debtor is entitled to the same rebate as if payment had
 15 been made on the date judgment is entered.

16 (9) Upon prepayment in full of a consumer loan by the proceeds of
 17 consumer credit insurance (IC 24-4.5-4-103), the debtor or the debtor's
 18 estate shall pay the same loan finance charge or receive the same rebate
 19 as though the debtor had prepaid the agreement on the date the
 20 proceeds of the insurance are paid to the lender, but no later than ten
 21 (10) business days after satisfactory proof of loss is furnished to the
 22 lender. This subsection applies whether or not the loan is precomputed.

23 (10) Upon prepayment in full of a transaction with a term of more
 24 than sixty-one (61) months, the unearned loan finance charge shall be
 25 computed by applying the disclosed annual percentage rate that would
 26 yield the loan finance charge originally contracted for to the unpaid
 27 balances of the amount financed for the full computational periods
 28 following the prepayment, as originally scheduled or as deferred.

29 SECTION 15. IC 24-4.5-3-501 IS REPEALED [EFFECTIVE JULY
 30 1, 2019]. ~~Sec. 501. Definitions:~~

31 (1) "Supervised loan" means a consumer loan in which the rate of
 32 the loan finance charge exceeds twenty-five percent (25%) per year as
 33 determined according to the provisions on loan finance charge for
 34 consumer loans in section 201 of this chapter.

35 (2) "Supervised lender" means a person authorized to make or take
 36 assignments of supervised loans.

37 SECTION 16. IC 24-4.5-3-508 IS REPEALED [EFFECTIVE JULY
 38 1, 2019]. ~~Sec. 508. Loan Finance Charge for Supervised Loans – (1)~~
 39 ~~With respect to a supervised loan, including a loan pursuant to a~~
 40 ~~revolving loan account, a supervised lender may contract for and~~
 41 ~~receive a loan finance charge not exceeding that permitted by this~~
 42 ~~section.~~



1 (2) The loan finance charge, calculated according to the actuarial
2 method, may not exceed the equivalent of the greater of:

3 (a) the total of:

4 (i) thirty-six percent (36%) per year on that part of the unpaid
5 balances of the principal which is two thousand dollars
6 (\$2,000) or less;

7 (ii) twenty-one percent (21%) per year on that part of the
8 unpaid balances of the principal which is more than two
9 thousand dollars (\$2,000) but does not exceed four thousand
10 dollars (\$4,000); and

11 (iii) fifteen percent (15%) per year on that part of the unpaid
12 balances of the principal which is more than four thousand
13 dollars (\$4,000); or

14 (b) twenty-five percent (25%) per year on the unpaid balances of
15 the principal:

16 (3) This section does not limit or restrict the manner of contracting
17 for the loan finance charge, whether by way of add-on, discount, or
18 otherwise, so long as the rate of the loan finance charge does not
19 exceed that permitted by this section. If the loan is precomputed:

20 (a) the loan finance charge may be calculated on the assumption
21 that all scheduled payments will be made when due; and

22 (b) the effect of prepayment is governed by the provisions on
23 rebate upon prepayment in section 210 of this chapter.

24 (4) The term of a loan for the purposes of this section commences
25 on the date the loan is made. Differences in the lengths of months are
26 disregarded, and a day may be counted as one-thirtieth (1/30) of a
27 month. Subject to classifications and differentiations the lender may
28 reasonably establish, a part of a month in excess of fifteen (15) days
29 may be treated as a full month if periods of fifteen (15) days or less are
30 disregarded and that procedure is not consistently used to obtain a
31 greater yield than would otherwise be permitted.

32 (5) Subject to classifications and differentiations the lender may
33 reasonably establish, the lender may make the same loan finance
34 charge on all principal amounts within a specified range. A loan
35 finance charge does not violate subsection (2) if:

36 (a) when applied to the median amount within each range, it does
37 not exceed the maximum permitted in subsection (2); and

38 (b) when applied to the lowest amount within each range, it does
39 not produce a rate of loan finance charge exceeding the rate
40 calculated according to paragraph (a) by more than eight percent
41 (8%) of the rate calculated according to paragraph (a):

42 (6) The amounts of two thousand dollars (\$2,000) and four thousand



1 dollars (\$4,000) in subsection (2) and thirty dollars (\$30) in subsection
 2 (7) are subject to change pursuant to the provisions on adjustment of
 3 dollar amounts (IC 24-4.5-1-106). However, notwithstanding
 4 IC 24-4.5-1-106(1), for the adjustment of the amount of thirty dollars
 5 (\$30), the Reference Base Index to be used is the Index for October
 6 1992. Notwithstanding IC 24-4.5-1-106(1), for the adjustment of the
 7 amounts of two thousand dollars (\$2,000) and four thousand dollars
 8 (\$4,000), the Reference Base Index to be used is the Index for October
 9 2012.

10 (7) With respect to a supervised loan not made pursuant to a
 11 revolving loan account, the lender may contract for and receive a
 12 minimum loan finance charge of not more than thirty dollars (\$30). The
 13 minimum loan finance charge allowed under this subsection may be
 14 imposed only if the lender does not assess a nonrefundable prepaid
 15 finance charge under subsection (8) and:

16 (a) the debtor prepays in full a consumer loan, refinancing, or
 17 consolidation, regardless of whether the loan, refinancing, or
 18 consolidation is precomputed;

19 (b) the loan, refinancing, or consolidation prepaid by the debtor
 20 is subject to a loan finance charge that:

21 (i) is contracted for by the parties; and

22 (ii) does not exceed the rate prescribed in subsection (2); and

23 (c) the loan finance charge earned at the time of prepayment is
 24 less than the minimum loan finance charge contracted for under
 25 this subsection.

26 (8) Except as provided in subsection (7), in addition to the loan
 27 finance charge provided for in this section and to any other charges and
 28 fees permitted by this chapter, the lender may contract for and receive
 29 a nonrefundable prepaid finance charge of not more than fifty dollars
 30 (\$50).

31 (9) The nonrefundable prepaid finance charge provided for in
 32 subsection (8) is not subject to refund or rebate.

33 (10) Notwithstanding subsections (8) and (9), in the case of a
 34 supervised loan that is not secured by an interest in land, if a lender
 35 retains any part of a nonrefundable prepaid finance charge charged on
 36 a loan that is paid in full by a new loan from the same lender, the
 37 following apply:

38 (a) If the loan is paid in full by the new loan within three (3)
 39 months after the date of the prior loan, the lender may not charge
 40 a nonrefundable prepaid finance charge on the new loan, or, in the
 41 case of a revolving loan, on the increased credit line.

42 (b) The lender may not assess more than two (2) nonrefundable



1 prepaid finance charges in any twelve (12) month period:

2 (11) In the case of a supervised loan that is secured by an interest in
3 land, this section does not prohibit a lender from contracting for and
4 receiving a fee for preparing deeds, mortgages, reconveyances, and
5 similar documents under section 202(1)(d)(ii) of this chapter; in
6 addition to the nonrefundable prepaid finance charge provided for in
7 subsection (8):

8 SECTION 17. IC 24-4.5-3-509 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 509. Use of Multiple
10 Agreements. — With respect to a consumer loan, no lender may permit
11 any person, or husband and wife, to become obligated in any way under
12 more than one loan agreement with the lender or with a person related
13 to the lender, with intent to obtain a higher rate of loan finance charge
14 than would otherwise be permitted by the provisions on loan finance
15 charge for supervised consumer loans (~~IC 24-4.5-3-508~~)
16 (IC 24-4.5-3-201) or to avoid disclosure of an annual percentage rate
17 pursuant to the provisions on disclosure (Part 3). The excess amount of
18 loan finance charge provided for in agreements in violation of this
19 section is an excess charge for the purposes of the provisions on effect
20 of violations on rights of parties (IC 24-4.5-5-202) and the provisions
21 on civil actions by the department (IC 24-4.5-6-113).

22 SECTION 18. IC 24-4.5-3-510, AS AMENDED BY P.L.186-2015,
23 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JULY 1, 2019]: Sec. 510. Restrictions on Interest in Land as Security
25 — (1) With respect to a supervised consumer loan:

26 (a) with a loan finance charge under section 201(1) of this
27 chapter that exceeds twenty-five percent (25%) per year on
28 the unpaid balances of the principal; and

29 (b) in which the principal is four thousand dollars (\$4,000) or
30 less;

31 a lender may not contract for an interest in land as security. A security
32 interest taken in violation of this section is void.

33 (2) The amount of four thousand dollars (\$4,000) in subsection (1)
34 is subject to change pursuant to the provisions on adjustment of dollar
35 amounts (~~IC 24-4.5-1-106~~). However, notwithstanding
36 ~~IC 24-4.5-1-106(1)~~, the Reference Base Index to be used under this
37 subsection is the Index for October 2012.

38 SECTION 19. IC 24-4.5-3-511, AS AMENDED BY THE
39 TECHNICAL CORRECTIONS BILL OF THE 2019 GENERAL
40 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JULY 1, 2019]: Sec. 511. Regular Schedule of Payments; Maximum
42 Loan Term — (1) Supervised Consumer loans not made pursuant to



1 a revolving loan account, **having a loan finance charge under section**
 2 **201(1) of this chapter that exceeds twenty-five percent (25%) per**
 3 **year on the unpaid balances of the principal**, and in which the
 4 principal is four thousand dollars (\$4,000) or less are payable in a
 5 single instalment or shall be scheduled to be payable in substantially
 6 equal instalments that are payable at equal periodic intervals, except to
 7 the extent that the schedule of payments is adjusted to the seasonal or
 8 irregular income of the debtor, and:

9 (a) over a period of not more than thirty-seven (37) months if the
 10 principal is more than ~~three one thousand one~~ hundred dollars
 11 ~~(\$300); (\$1,100)~~, **but not more than four thousand dollars**
 12 **(\$4,000)**; or

13 (b) over a period of not more than twenty-five (25) months if the
 14 principal is ~~three one thousand one~~ hundred dollars ~~(\$300)~~
 15 **(\$1,100)** or less.

16 ~~(2) The amounts of three hundred dollars (\$300) and four thousand~~
 17 ~~dollars (\$4,000) in subsection (1) are subject to change pursuant to the~~
 18 ~~provisions on adjustment of dollar amounts (IC 24-4.5-1-106).~~
 19 ~~However, notwithstanding IC 24-4.5-1-106(1), the Reference Base~~
 20 ~~Index to be used with respect to the amount of:~~

21 ~~(1) three hundred dollars (\$300) is the Index for October 1992;~~
 22 ~~and~~

23 ~~(2) four thousand dollars (\$4,000) is the Index for October 2012.~~

24 SECTION 20. IC 24-4.5-3-513 IS REPEALED [EFFECTIVE JULY
 25 1, 2019]. Sec. 513. Application of Other Provisions — Except as
 26 otherwise provided, all provisions of this Article applying to consumer
 27 loans apply to supervised loans.

28 SECTION 21. IC 24-4.5-4-107, AS AMENDED BY P.L.141-2005,
 29 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2019]: Sec. 107. Maximum Charge by Creditor for Insurance
 31 — (1) Except as provided in subsection (2), if a creditor contracts for
 32 or receives a separate charge for insurance, the amount charged to the
 33 debtor for the insurance may not exceed the premium to be charged by
 34 the insurer, as computed at the time the charge to the debtor is
 35 determined, conforming to any rate filings required by law and made
 36 by the insurer with the Insurance Commissioner.

37 (2) A creditor who provides consumer credit insurance in relation
 38 to a revolving charge account (IC 24-4.5-2-108) or revolving loan
 39 account (IC 24-4.5-3-108) may calculate the charge to the debtor in
 40 each billing cycle by applying the current premium rate to **any of the**
 41 **following:**

42 (a) The average daily unpaid balance of the debt in the cycle.



1 (b) The unpaid balance of the debt or a median amount within a
 2 specified range of unpaid balances of debt on approximately the same
 3 day of the cycle. The day of the cycle need not be the day used in
 4 calculating the credit service charge (IC 24-4.5-2-207) or loan finance
 5 charge (IC 24-4.5-3-201), ~~and IC 24-4.5-3-508~~; but the specified range
 6 shall be the range used for that purpose.

7 (c) The unpaid balances of principal calculated according to the
 8 actuarial method. ~~or~~

9 (d) The amount of the insurance benefit for the cycle.

10 SECTION 22. IC 24-4.5-4-301, AS AMENDED BY P.L.137-2014,
 11 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2019]: Sec. 301. Property Insurance — (1) A creditor may not
 13 contract for or receive a separate charge for insurance against loss of
 14 or damage to property unless:

15 (a) the insurance covers a substantial risk of loss of or damage to
 16 property related to the credit transaction;

17 (b) the amount, terms, and conditions of the insurance are
 18 reasonable in relation to the character and value of the property insured
 19 or to be insured; and

20 (c) the term of the insurance is reasonable in relation to the terms of
 21 credit.

22 (2) The term of the insurance is reasonable if it is customary and
 23 does not extend substantially beyond a scheduled maturity.

24 (3) A creditor may not contract for or receive a separate charge for
 25 insurance against loss of or damage to property unless the amount
 26 financed or principal exclusive of charges for the insurance is ~~three~~
 27 ~~hundred one thousand~~ **dollars (\$300) (\$1,000)** or more, and the value
 28 of the property is ~~three hundred one thousand~~ **dollars (\$300) (\$1,000)**
 29 or more.

30 ~~(4) The amounts of three hundred dollars (\$300) in subsection (3)~~
 31 ~~are subject to change pursuant to the provisions on adjustment of dollar~~
 32 ~~amounts (IC 24-4.5-1-106). However, notwithstanding~~
 33 ~~IC 24-4.5-1-106(1), the Reference Base Index to be used under this~~
 34 ~~subsection is the Index for October 1992.~~

35 SECTION 23. IC 24-4.5-5-103, AS AMENDED BY P.L.186-2015,
 36 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2019]: Sec. 103. Restrictions on Deficiency Judgments in
 38 Consumer Credit Sales — (1) This section applies to a consumer credit
 39 sale of goods or services.

40 (2) If the seller repossesses or voluntarily accepts surrender of goods
 41 which were the subject of the sale and in which the seller has a security
 42 interest, and the cash price of the goods repossessed or surrendered was



1 four thousand dollars (\$4,000) or less, the buyer is not personally liable
 2 to the seller for the unpaid balance of the debt arising from the sale of
 3 the goods, and the seller is not obligated to resell the collateral.

4 (3) If the seller repossesses or voluntarily accepts surrender of goods
 5 which were not the subject of the sale but in which the seller has a
 6 security interest to secure a debt arising from a sale of goods or
 7 services or a combined sale of goods and services and the cash price of
 8 the sale was four thousand dollars (\$4,000) or less, the buyer is not
 9 personally liable to the seller for the unpaid balance of the debt arising
 10 from the sale.

11 (4) For the purpose of determining the unpaid balance of
 12 consolidated debts or debts pursuant to revolving charge accounts, the
 13 allocation of payments to a debt shall be determined in the same
 14 manner as provided for determining the amount of debt secured by
 15 various security interests (IC 24-4.5-2-409).

16 (5) The buyer may be liable in damages to the seller if the buyer has
 17 wrongfully damaged the collateral or if, after default and demand, the
 18 buyer has wrongfully failed to make the collateral available to the
 19 seller.

20 (6) If the seller elects to bring an action against the buyer for a debt
 21 arising from a consumer credit sale of goods or services, and under this
 22 section the seller would not be entitled to a deficiency judgment if the
 23 seller repossessed the collateral, and the seller obtains a judgment:

24 (a) the seller may not repossess the collateral; and

25 (b) the collateral is not subject to levy or sale on execution or
 26 similar proceedings pursuant to the judgment.

27 ~~(7) The amounts of four thousand dollars (\$4,000) in subsections (2)~~
 28 ~~and (3) are subject to change pursuant to the provisions on adjustment~~
 29 ~~of dollar amounts (IC 24-4.5-1-106). However, notwithstanding~~
 30 ~~IC 24-4.5-1-106(1), the Reference Base Index to be used under this~~
 31 ~~subsection is the Index for October 2012.~~

32 SECTION 24. IC 24-4.5-5-202 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 202. Effect of
 34 Violations on Rights of Parties — (1) If a creditor has violated the
 35 provision of this Article applying to limitations on the schedule of
 36 payments or loan term for ~~supervised loans~~ **a consumer loan with a**
 37 **loan finance charge under section 201(1) of this chapter that**
 38 **exceeds twenty-five percent (25%) per year on the unpaid balances**
 39 **of the principal** (IC 24-4.5-3-511), the debtor is not obligated to pay
 40 the loan finance charge, and has a right to recover from the person
 41 violating this Article or from an assignee of that person's rights who
 42 undertakes direct collection of payments or enforcement of rights



1 arising from the debt a penalty in an amount determined by the court
2 not in excess of three times the amount of the loan finance charge. No
3 action pursuant to this subsection may be brought more than one (1)
4 year after the due date of the last scheduled payment of the agreement
5 with respect to which the violation occurred.

6 (2) If a creditor has violated the provisions of this Article applying
7 to authority to make consumer loans (IC 24-4.5-3-502), the loan is void
8 and the debtor is not obligated to pay either the principal or loan
9 finance charge. If the debtor has paid any part of the principal or of the
10 loan finance charge, the debtor has a right to recover the payment from
11 the person violating this Article or from an assignee of that person's
12 rights who undertakes direct collection of payments or enforcement of
13 rights arising from the debt. With respect to violations arising from
14 loans made pursuant to revolving loan accounts, no action pursuant to
15 this subsection may be brought more than two (2) years after the
16 violation occurred. With respect to violations arising from other loans,
17 no action pursuant to this subsection may be brought more than one (1)
18 year after the due date of the last scheduled payment of the agreement
19 pursuant to which the charge was paid.

20 (3) A debtor is not obligated to pay a charge in excess of that
21 allowed by this Article, and if the debtor has paid an excess charge the
22 debtor has a right to a refund. A refund may be made by reducing the
23 debtor's obligation by the amount of the excess charge. If the debtor has
24 paid an amount in excess of the lawful obligation under the agreement,
25 the debtor may recover the excess amount from the person who made
26 the excess charge or from an assignee of that person's rights who
27 undertakes direct collection of payments from or enforcement of rights
28 against debtors arising from the debt.

29 (4) If a debtor is entitled to a refund and a person liable to the debtor
30 refuses to make a refund within a reasonable time after demand, the
31 debtor may recover from that person a penalty in an amount determined
32 by a court not exceeding the greater of either the amount of the credit
33 service or loan finance charge or ten (10) times the amount of the
34 excess charge. If the creditor has made an excess charge in deliberate
35 violation of or in reckless disregard for this Article, the penalty may be
36 recovered even though the creditor has refunded the excess charge. No
37 penalty pursuant to this subsection may be recovered if a court has
38 ordered a similar penalty assessed against the same person in a civil
39 action by the department (IC 24-4.5-6-113). With respect to excess
40 charges arising from sales made pursuant to revolving charge accounts
41 or from loans made pursuant to revolving loan accounts, no action
42 pursuant to this subsection may be brought more than two (2) years



1 after the time the excess charge was made. With respect to excess
 2 charges arising from other consumer credit sales or consumer loans, no
 3 action pursuant to this subsection may be brought more than one (1)
 4 year after the due date of the last scheduled payment of the agreement
 5 pursuant to which the charge was made.

6 (5) Except as otherwise provided, no violation of this Article
 7 impairs rights on a debt.

8 (6) If an employer discharges an employee in violation of the
 9 provisions prohibiting discharge (IC 24-4.5-5-106), the employee may
 10 within six (6) months bring a civil action for recovery of wages lost as
 11 a result of the violation and for an order requiring the reinstatement of
 12 the employee. Damages recoverable shall not exceed lost wages for six
 13 (6) weeks.

14 (7) If the creditor establishes by a preponderance of evidence that
 15 a violation is unintentional or the result of a bona fide error, no liability
 16 is imposed under subsections (1), (2), and (4) and the validity of the
 17 transaction is not affected.

18 (8) In any case in which it is found that a creditor has violated this
 19 Article, the court may award reasonable attorney's fees incurred by the
 20 debtor.

21 (9) The department may act on behalf of a debtor to enforce the
 22 debtor's rights under this section against a creditor who is licensed or
 23 registered with the department or is required to be licensed or
 24 registered with the department.

25 SECTION 25. IC 24-4.5-6-107, AS AMENDED BY P.L.137-2014,
 26 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2019]: Sec. 107. (1) Except as otherwise provided,
 28 IC 4-21.5-3 governs all agency action taken by the department under
 29 this chapter or ~~IC 24-4.5-3-501~~ **IC 24-4.5-3-502** through
 30 ~~IC 24-4.5-3-513~~ **IC 24-4.5-3-512**. All proceedings for administrative
 31 review under IC 4-21.5-3 or judicial review under IC 4-21.5-5 shall be
 32 held in Marion County. The provisions of IC 4-22-2 prescribing
 33 procedures for the adoption of rules by agencies apply to the adoption
 34 of rules by the department of financial institutions under this article.
 35 However, if the department declares an emergency in the document
 36 containing the rule, the department may adopt rules permitted by this
 37 chapter under IC 4-22-2-37.1.

38 (2) A rule under subsection (1) adopted under IC 4-22-2-37.1
 39 expires on the date the department next adopts a rule under the statute
 40 authorizing or requiring the rule.

41 SECTION 26. IC 24-4.5-7-102, AS AMENDED BY P.L.69-2018,
 42 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2019]: Sec. 102. (1) Except as otherwise provided, all
 2 provisions of this article applying to consumer loans, including
 3 IC 24-4.5-3-502.2, apply to small loans, as defined in this chapter.

4 (2) Subject to subsection (7), a person may not regularly engage in
 5 Indiana in any of the following actions unless the department first
 6 issues to the person a license under this chapter:

7 (a) The making of small loans.

8 (b) Taking assignments of small loans.

9 (c) Undertaking the direct collection of payments from or the
 10 enforcement of rights against debtors arising from small loans.

11 (3) Subject to subsection (4), a person that seeks licensure under
 12 this chapter:

13 (a) shall apply to the department for a license in the form and
 14 manner prescribed by the department; and

15 (b) is subject to the same licensure requirements and procedures
 16 as an applicant for a license to make consumer loans (other than
 17 mortgage transactions) under IC 24-4.5-3-502.

18 (4) A person that seeks to make, take assignments of, or undertake
 19 the direct collection of payments from or the enforcement of rights
 20 against debtors arising from both:

21 (a) small loans under this chapter; and

22 (b) consumer loans (other than mortgage transactions) that are not
 23 small loans;

24 must obtain a separate license from the department for each type of
 25 loan, as described in IC 24-4.5-3-502(5).

26 (5) This chapter applies to:

27 (a) a lender;

28 (b) a bank, savings association, credit union, or other state or
 29 federally regulated financial institution except those that are
 30 specifically exempt regarding limitations on interest rates and
 31 fees; or

32 (c) a person, if the department determines that a transaction is:

33 (i) in substance a disguised loan; or

34 (ii) the application of subterfuge for the purpose of avoiding
 35 this chapter.

36 (6) A loan that:

37 (a) does not qualify as a small loan under section 104 of this
 38 chapter;

39 (b) is for a term shorter than that specified in section 401(1) of
 40 this chapter; or

41 (c) is made in violation of section 201, 401, 402, 404, or 410 of
 42 this chapter;



1 is subject to this article. ~~The department may conform the loan finance~~
 2 ~~charge for a loan described in this subsection to the limitations set forth~~
 3 ~~in IC 24-4.5-3-508(2).~~

4 (7) Notwithstanding IC 24-4.5-1-301.5, for purposes of subsection
 5 (2), a person "regularly engages" in any of the activities described in
 6 subsection (2) with respect to a small loan if the person:

7 (a) performed any of the activities described in subsection (2)
 8 with respect to a small loan at least one (1) time in the preceding
 9 calendar year; or

10 (b) performs or will perform any of the activities described in
 11 subsection (2) with respect to a small loan at least one (1) time in
 12 the current calendar year if the person did not perform any of the
 13 activities described in subsection (2) with respect to a small loan
 14 at least one (1) time in the preceding calendar year.

15 SECTION 27. IC 24-4.5-7-104, AS AMENDED BY P.L.216-2013,
 16 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2019]: Sec. 104. (†) "Small loan" means a loan:

18 (a) with a principal loan amount that is at least fifty dollars (\$50)
 19 and not more than five hundred fifty dollars (\$550); and

20 (b) in which the lender holds the borrower's check for a specific
 21 period, or receives the borrower's written authorization to debit
 22 the borrower's account (other than as a result of default) under an
 23 agreement, either express or implied, for a specific period, before
 24 the lender:

25 (i) offers the check for deposit or presentment; or

26 (ii) exercises the authorization to debit the borrower's account.

27 (2) ~~The amount of five hundred fifty dollars (\$550) in subsection~~
 28 ~~(1)(a) is subject to change under the provisions on adjustment of dollar~~
 29 ~~amounts (IC 24-4.5-1-106). However, notwithstanding~~
 30 ~~IC 24-4.5-1-106(1), the Reference Base Index to be used under this~~
 31 ~~subsection is the Index for October 2006.~~

32 SECTION 28. IC 24-4.5-7-201, AS AMENDED BY P.L.217-2007,
 33 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2019]: Sec. 201. (1) Finance charges on the first two hundred
 35 fifty dollars (\$250) of a small loan are limited to fifteen percent (15%)
 36 of the principal.

37 (2) Finance charges on the amount of a small loan greater than two
 38 hundred fifty dollars (\$250) and less than or equal to four hundred
 39 dollars (\$400) are limited to thirteen percent (13%) of the amount over
 40 two hundred fifty dollars (\$250) and less than or equal to four hundred
 41 dollars (\$400).

42 (3) Finance charges on the amount of the small loan greater than



1 four hundred dollars (\$400) and less than or equal to five hundred fifty
 2 dollars (\$550) are limited to ten percent (10%) of the amount over four
 3 hundred dollars (\$400) and less than or equal to five hundred fifty
 4 dollars (\$550).

5 ~~(4) The amount of five hundred fifty dollars (\$550) in subsection (3)~~
 6 ~~is subject to change under the provisions on adjustment of dollar~~
 7 ~~amounts (IC 24-4.5-1-106). However, notwithstanding~~
 8 ~~IC 24-4.5-1-106(1), the Reference Base Index to be used under this~~
 9 ~~subsection is the Index for October 2006.~~

10 SECTION 29. IC 24-4.5-7-404, AS AMENDED BY P.L.35-2010,
 11 SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2019]: Sec. 404. (1) As used in this section, "commercially
 13 reasonable method of verification" means a private consumer credit
 14 reporting service that the department determines to be capable of
 15 providing a lender with adequate verification information necessary to
 16 ensure compliance with subsection (4).

17 (2) With respect to a small loan, no lender may permit a person to
 18 become obligated under more than one (1) loan agreement with the
 19 lender at any time.

20 (3) A lender shall not make a small loan that, when combined with
 21 the outstanding balance on another outstanding small loan owed to
 22 another lender, exceeds a total of five hundred fifty dollars (\$550),
 23 excluding finance charges. A lender shall not make a small loan to a
 24 borrower who has two (2) or more small loans outstanding, regardless
 25 of the total value of the small loans. ~~The amount of five hundred fifty~~
 26 ~~dollars (\$550) in this subsection is subject to change under the~~
 27 ~~provisions on adjustment of dollar amounts (IC 24-4.5-1-106).~~
 28 ~~However, notwithstanding IC 24-4.5-1-106(1), the Reference Base~~
 29 ~~Index to be used under this subsection is the Index for October 2006.~~

30 (4) A lender complies with subsection (3) if the lender
 31 independently verifies the total number of outstanding small loans and
 32 the total outstanding balance of those small loans for a customer
 33 through a commercially reasonable method of verification. A lender's
 34 method of verifying whether a borrower has any outstanding small
 35 loans and the total outstanding balance of any loans will be considered
 36 commercially reasonable if the method includes a manual investigation
 37 or an electronic query of:

38 (a) the lender's own records, including both records maintained at
 39 the location where the borrower is applying for the transaction
 40 and records maintained at other locations within the state that are
 41 owned and operated by the lender; and

42 (b) an available third party data base provided by a private



- 1 consumer reporting service, subject to the identification
 2 verification requirements set forth in subsection (12).
- 3 (5) The department shall monitor the effectiveness of private
 4 consumer credit reporting services in providing the verification
 5 information required under subsection (4). If the department
 6 determines that a commercially reasonable method of verification is
 7 available, the department shall:
- 8 (a) provide reasonable notice to all lenders identifying the
 9 commercially reasonable method of verification that is available;
 10 and
- 11 (b) require each lender to use, consistent with the policies of the
 12 department, the identified commercially reasonable method of
 13 verification as a means of complying with subsection (4).
- 14 (6) If a borrower presents evidence to a lender that a loan has been
 15 discharged in bankruptcy, the lender shall cause the record of the
 16 borrower's loan to be updated in the data base described in subsection
 17 (4)(b) to reflect the bankruptcy discharge.
- 18 (7) A lender shall cause the record of a borrower's loan to be
 19 updated in the data base described in subsection (4)(b) to reflect:
- 20 (a) presentment of the borrower's check for payment; or
 21 (b) exercise of the borrower's authorization to debit the borrower's
 22 account.
- 23 If a check is returned or an authorization is dishonored because of
 24 insufficient funds in the borrower's account, the lender shall reenter the
 25 record of the loan in the data base.
- 26 (8) A lender shall update information in a data base described in
 27 subsection (4)(b) to reflect partial payments made on an outstanding
 28 loan, the record of which is maintained in the data base.
- 29 (9) If a lender ceases doing business in Indiana, the director may
 30 require the operator of the data base described in subsection (4)(b) to
 31 remove records of the lender's loans from the operator's data base.
- 32 (10) The director may impose a civil penalty not to exceed one
 33 hundred dollars (\$100) for each violation of:
- 34 (a) this section; or
 35 (b) any rule or policy adopted by the director to implement this
 36 section.
- 37 (11) The excess amount of loan finance charge provided for in
 38 agreements in violation of this section is an excess charge for purposes
 39 of the provisions concerning effect of violations on rights of parties
 40 (IC 24-4.5-5-202) and the provisions concerning civil actions by the
 41 department (IC 24-4.5-6-113).
- 42 (12) If a borrower provides the borrower's Social Security number



1 to a lender in connection with any transaction or proposed transaction
2 under this chapter, the lender shall:

- 3 (a) maintain procedures to verify that the Social Security number
4 provided is legitimate and belongs to the borrower; and
5 (b) retain copies of any documents used to verify the borrower's
6 Social Security number. Documentation under this subdivision
7 may be in electronic form and the numbers may be truncated.

8 If a borrower does not have a Social Security number, the lender may
9 require and accept another valid form of government issued
10 identification, subject to the requirements of subdivisions (a) and (b)
11 with respect to the government issued identification accepted.

12 SECTION 30. IC 24-4.5-7-411 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 411. Finance charges
14 made in compliance with this chapter are exempt from ~~IC 24-4.5-3-508~~
15 ~~and IC 35-45-7.~~

16 SECTION 31. IC 24-9-2-8 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 8. ~~(a)~~ "High cost home
18 loan" means a home loan with:

- 19 (1) a trigger rate that exceeds the benchmark rate; or
20 (2) total points and fees that exceed:
21 (A) five percent (5%) of the loan principal for a home loan
22 having a loan principal of at least forty thousand dollars
23 (\$40,000); or
24 (B) six percent (6%) of the loan principal for a home loan
25 having a loan principal of less than forty thousand dollars
26 (\$40,000).

27 ~~(b) Beginning July 1, 2006, the dollar amounts set forth in this~~
28 ~~section are subject to change at the times and according to the~~
29 ~~procedure set forth in the provisions of IC 24-4.5-1-106 concerning the~~
30 ~~adjustment of dollar amounts in IC 24-4.5.~~

31 SECTION 32. IC 28-7-5-28 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 28. (a) The maximum
33 rate of interest charged by pawnbrokers shall be the same as the
34 maximum loan finance charge ~~for supervised lenders~~ under
35 ~~IC 24-4.5-3-508(2); IC 24-4.5-3-201.~~ For purposes of this subsection:

- 36 (1) the term of a loan commences on the date on which the loan
37 is made;
38 (2) differences in lengths of months are disregarded; and
39 (3) each day is counted as one-thirtieth (1/30) of a month.

40 The minimum term of a loan made by a pawnbroker is one (1) month.
41 However, on loans paid in full within the first month, the pawnbroker
42 may charge one (1) month's interest.



1 (b) Interest shall not be deducted in advance, neither shall the
2 pawnbroker induce or permit any borrower to split up or divide any
3 loan or loans for the purpose of evading any provisions of this chapter.

4 (c) If a pawnbroker charges or receives interest in excess of that
5 provided in this section, or makes any charges not authorized by this
6 chapter, the pawnbroker shall forfeit principal and interest and return
7 the pledge upon demand of the pledger and surrender of the pawn
8 ticket without the principal or interest. If such excessive or
9 unauthorized charges have been paid by the pledger, the pledger may
10 recover the same, including the principal if paid, in a civil action
11 against the pawnbroker.

12 SECTION 33. IC 35-45-7-2, AS AMENDED BY P.L.158-2013,
13 SECTION 536, IS AMENDED TO READ AS FOLLOWS
14 [EFFECTIVE JULY 1, 2019]: Sec. 2. A person who, in exchange for
15 the loan of any property, knowingly or intentionally receives or
16 contracts to receive from another person any consideration, at a rate
17 greater than two (2) times the **rate finance charge** specified in
18 ~~IC 24-4.5-3-508(2)(a)(i)~~, **IC 24-4.5-3-201**, commits loansharking, a
19 Level 6 felony. However, loansharking is a Level 5 felony if force or
20 the threat of force is used to collect or to attempt to collect any of the
21 property loaned or any of the consideration for the loan.

22 SECTION 34. IC 35-45-7-3, AS AMENDED BY P.L.35-2010,
23 SECTION 208, IS AMENDED TO READ AS FOLLOWS
24 [EFFECTIVE JULY 1, 2019]: Sec. 3. (a) This chapter applies only:

25 (1) to consumer loans, consumer related loans, consumer credit
26 sales, consumer related sales, and consumer leases, as those terms
27 are defined in IC 24-4.5; ~~subject to adjustment, where applicable,~~
28 ~~of the dollar amounts set forth in those definitions under~~
29 ~~IC 24-4.5-1-106;~~

30 (2) to any loan primarily secured by an interest in land or sale of
31 an interest in land that is a mortgage transaction (as defined in
32 IC 24-4.5-1-301.5) if the transaction is otherwise a consumer loan
33 or consumer credit sale; and

34 (3) to any other loan transaction or extension of credit, regardless
35 of the amount of the principal of the loan or extension of credit,
36 if unlawful force or the threat of force is used to collect or to
37 attempt to collect any of the property loaned or any of the
38 consideration for the loan or extension of credit in question.

39 (b) This chapter applies regardless of whether the contract is made
40 directly or indirectly, and whether the receipt of the consideration is
41 received or is due to be received before or after the maturity date of the
42 loan.

